

VZCZCXRO4395
PP RUEHQU
DE RUEHPU #2304 3352120
ZNR UUUUU ZZH

P 012120Z DEC 06

FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 4815
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1306
RUEHSA/AMEMBASSY PRETORIA PRIORITY 1141
RUEHQU/AMCONSUL QUEBEC PRIORITY 0634
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS PORT AU PRINCE 002304

SIPDIS

SIPDIS

STATE FOR WHA/CAR
EB/IFD
S/CRS
STATE PASS TO USAID FOR LAC/CAR
INR/IAA (BEN-YEHUDA)
COMMERCE FOR SCOTT SMITH
TREASURY FOR JEFFREY LEVINE
WHA/EX PLEASE PASS USOAS

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [PGOV](#) [PINS](#) [HA](#)

SUBJECT: HAITI: REVENUE COLLECTION

¶11. Summary: GoH revenue collection for fiscal year 2006 (ending 9/30/06) was approximately ten percent higher than projected, due mostly to greater than expected internal tax collection (income tax and VAT) and increased customs duties.

The Director General of Taxation attributes this performance to stronger efforts from the Government of Haiti to fight tax evasion and expand computerization of tax administration offices in Port-au-Prince. End Summary.

Total Revenue Collection Increases

- - - - -

¶12. Government revenue collection was approximately USD 501.75 million for fiscal year 2006, which exceeded projections by ten percent. Customs revenue collection accounted for about 80 percent of total revenue collected. Statistics provided to post by the GoH General Directorate of Taxation (DGI) show that fiscal revenue collection was USD 165 million. The DGI's actual revenue collection exceeded its prediction of 143 million for the fiscal year by fifteen percent. Tax collection branches in the provinces contributed only three percent of total revenue for the year.

In the provinces, tax collection trailed government projections for each of the twelve local tax collection agencies. Only Fort-Liberte collected 98 percent of its budget projection. The other eleven local offices lagged largely behind the targets, with Jeremie and St. Marc collection only 39 percent of their projected revenues.

Note: The Haitian fiscal year runs from October 1 to September 30, and figures are converted into USD at the rate of 39.86 gourdes to 1 USD. End Note.

¶13. Another major revenue component, customs collection, exceeded projections by about 127 percent, with actual revenue collected at about USD 245 million instead of the projected 129.9 million. Compared to the previous fiscal year, this represented an increase of 45 percent. Similar to fiscal revenue collection, the Customs office in Port-au-Prince (covering the airport and port) represented about 90 percent of total customs receipts. Branches in the provinces contributed less than ten percent. This is partly due to the poor infrastructure in the regions covered by those branches, which facilitates smuggling activities and corruption. Customs collections were also affected by a violent protest at the Malpas Border point, which shut down

the Customs office there for about three months. The majority of Haitian commerce with the Dominican Republic is conducted by truck via Malpassee/Jimani.

Revenue Collection Projections Target for FY06-07

- - - - -

¶4. In fiscal year 2007, DGI officials expect to collect about USD 183.5 million, about 27 percent more than the prior year. The government predicts that most of this revenue will come from income tax and VAT, which will account respectively for USD 79.83 million and USD 38.4 million. DGI intends to implement several projects over the fiscal year to boost tax collection in the provinces, including extending computerization of tax administration to local branch offices and interconnecting them via satellite to the central office.

Aside from increasing fees for motor vehicle plates and for driver license issuance, DGI also plans to implement a program to track and register tax payers in an effort to create a larger fiscal registry system and broaden the tax base.

¶5. Comment: Local tax and customs agencies will have to increase revenue collection significantly to meet IMF collection targets for this year (about fifteen percent of GDP). If the GoH fails to meet the collection target, it will likely delay implementation of the GoH's Social Appeasement program (PAS) and investment in infrastructure projects. End Comment.

SANDERSON